

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development Regulatory Commission of Alaska BRU/Component Budget Summary

BRU/Component: Regulatory Commission of Alaska

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Component Mission

The mission of the Regulatory Commission of Alaska (RCA) is to regulate public utilities and pipelines in Alaska.

Component Services Provided

The RCA regulates public utilities and pipeline carriers. The Commission has been assigned regulatory responsibility for gas, electric, telephone, oil and gas pipelines, water and sewer, steam, refuse collection and disposal and cable television.

The Commission issues certificates of public convenience and necessity to qualified service providers. The Commission establishes the rates, terms, and conditions under which economically regulated utilities and pipeline carriers serve the public. The Commission supervises markets that are transitioning to economic deregulation to protect consumer interests. Under the Power Cost Equalization program, the Commission computes the power cost and amount of assistance for eligible utilities.

Component Goals and Strategies

1. Analyze and act upon all utility and pipeline carrier proposals within statutory deadlines.
2. Continue to receive, analyze, and process cases pursuant to the timeliness regulations implemented in December 1999, under AS 42.04.080(b).
3. Issue public notices, provide initial analysis, and render initial Commission determination concerning utility and pipeline tariff filings within 45 days. (Anticipated total cases July 1, 2002 to June 30, 2003: 600 tariff filings.)
4. Within 30 days, issue public notices, provide initial analysis, and render initial Commission determination concerning competitive offerings. (Anticipated total cases July 1, 2002 to June 30, 2003: 200 tariff filings.)
5. Issue 650 substantive orders in disputed cases pending before the Commission.
6. Formulate, issue public notice, evaluate comments received, and revise proposed regulations as needed.
7. Receive, analyze, and process 630 anticipated consumer complaints concerning utility service.
8. Participate in national-level organizations regarding policy issues that significantly impact Alaska.
9. Continue to refine our management information system to make agency processes more efficient and accessible to the general public through the Internet (Section 26, HCS CSSB 133(FIN)).
10. Provide analytical support to legislative committees considering utility and pipeline issues.
11. Process Power Cost Equalization filings. (Anticipated filings July 1, 2002 to June 30, 2003, 200 nonregulated and 150 regulated.)

Key Component Issues for FY2002 – 2003

1. Electricity

RCA will address current issues facing the Alaskan electric industry.

Rural Alaska: RCA will focus on the high cost of power and difficult operating environment for small rural power companies, and seek, through cooperation with other agencies, to lessen regulatory burdens and provide incentives for improvement of reliability and affordability in Alaska's rural communities power supplies. RCA will seek to improve cooperation between rural power and rural communications systems, to optimize delivery of utility services to the rural rate payer. RCA will continue its program to timely and efficiently process Power Cost Equalization (PCE) filings that rural utilities file with us for financial review. RCA will continue to develop a database of utility operational histories. RCA will consider potential regulatory incentives that could promote cost control and reliability improvement, while maintaining

the equalization benefits of the Power Cost Equalization program.

Urban Alaska: RCA will work to complete rate hearings for major power utilities. RCA will also respond to electric market structure issues that arise, and provide input as requested by the legislature on matters of electric infrastructure development. RCA will continue to look at methods to provide incentives for coordination among utilities. RCA will also promote practices that will assure utilities are providing reliable and low-cost services to all customers.

2. Telecommunications

RCA will monitor and regulate to ensure the availability of affordable, high quality, local and long distance telephone service throughout Alaska. RCA will continue its oversight of the competitive in-state long distance market and local markets, and will work towards developing competition throughout the state to the extent reasonable, feasible, and consistent with the public interest and the goal of universal service.

RCA will modify its existing local market structure rules and regulations as necessary and develop interconnection and network arrangements and policies as new areas of the state are opened to local competition. To further accomplish its responsibilities under the Telecommunications Act of 1996, RCA will also continue to review its rules covering access charge reform, competitive local exchange carriers, market dominance, local exchange carrier provision of long distance service, and pricing standards for interconnection between incumbent and entrant local exchange carriers.

RCA also plans to continue evaluating its existing policies for the long distance carrier market regarding facility modernization, wholesale rates, quality of service, competitive neutrality, and interconnection to long distance networks.

As competition develops in Alaska, RCA will have increased responsibility to maintain universal service. RCA will review improvements to our Alaska Universal Service support mechanism and will participate in the Federal Communication Commission CC Docket 96-45 proceedings on universal service to promote universal service in Alaska.

3. Pipeline

RCA expect to hold hearings and determine intrastate rates for several new and existing pipelines.

4. Water and Sewer

RCA expects a dramatic increase in certification applications, customer complaints, and rate proceedings as water and sewer facilities are built in communities that do not currently have services and as these new utilities work towards compliance with new Federal safe drinking water regulations.

5. Natural Gas

New exploration, the construction of new gas distribution systems and new gas transportation technologies will expand the areas where natural gas will be available. As a result, RCA expect new applications for certificates of public convenience and necessity and related rate proceedings.

6. Refuse

Mergers and acquisitions have consolidated the ownership of many of Alaska's refuse utilities. The rate case filings ordered in connection with recent acquisitions and transfers should be adjudicated by the end of FY02.

7. Public Advocacy

RCA will continue to assign the Public Advocacy Section (PAS) to participate as a party in matters before the Commission. The PAS was created in 1999 by AS 42.04.150 to operate separately from RCA and represent the public interest. The PAS will participate in utility and pipeline proceedings.

Major Component Accomplishments in 2001

Issued 741 substantive orders in FY2001, an increase of 39% over FY00.

Processed 576 utility and pipeline tariff filings, a 6% increase over FY00.

Handled 682 informal customer complaints, a 16% increase over FY00.

Handled 172 new cases including certification dockets (73) and other proceedings (99), a 16% decrease over FY00.

Moved our offices to larger and more efficient space.

Began implementing a management information system.

Processed 182 nonregulated and 125 regulated Power Cost Equalization filings.

Statutory and Regulatory Authority

AS 42.04 Regulatory Commission of Alaska

42.05 Public Utilities

42.06 Pipeline Carrier

42.45 Power Cost Equalization

3 AAC 47 Regulatory Cost Charges for Public Utilities and Pipeline Carriers

48 Practice and Procedure

49 Deregulation

50 Energy Conservation

51 Telecommunications Relay Services

52 Operation of Public Utilities

53 Telecommunications

Key Performance Measures for FY2003

Measure:

The time required to issue public notice, provide an initial analysis, and render the initial commission determination concerning (1) utility and pipeline filings; (2) competitive offerings.

Sec 37(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

During FY01 RCA complied with the timeliness standards of 3 AAC 48.200 through .440 adopted in December 1999.

Benchmark Comparisons:

Comparisons to national statistics are not meaningful because other state commissions have regulatory responsibility for different industries, and process and categorize cases differently.

Background and Strategies:

When the Legislature created the RCA, it tasked the commission with developing and adhering to timeliness standards because of public complaints about the predecessor agency's processes. RCA has adopted standards and are incorporating processes to measure its progress as part of developing and implementing our management information system.

By the end of FY2002 RCA should have actual data from its management information system to report on this measure.

Measure:

The change in the number of unresolved filings.

Sec 37(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

During FY01, the RCA significantly reduced the number of cases pending before it, from 531 cases to 418.

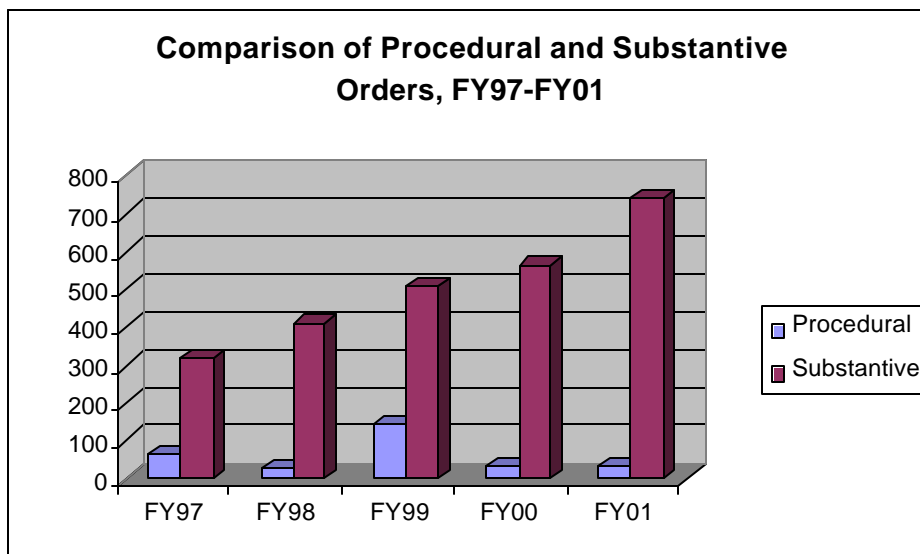
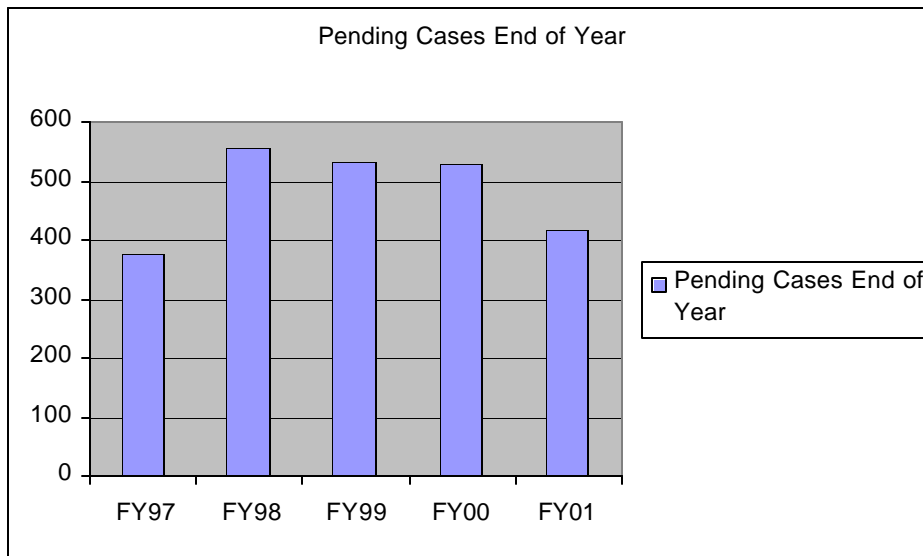
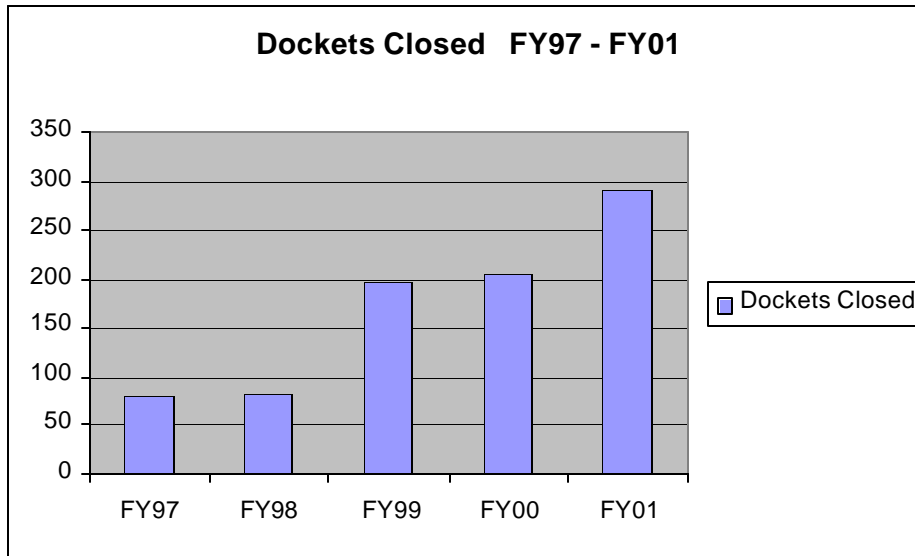
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Benchmark Comparisons:
Not applicable.

When the Legislature created the RCA, the commission was tasked with reducing the number of unresolved filings because of industry complaints about the predecessor agency's processes. The RCA routinely opens approximately 175 – 210 new dockets each year. Since its inception, as a result of a concerted effort to resolve all long pending cases, RCA has closed more dockets than were opened. RCA expects the docket caseload to stabilize in FY02--FY03 at approximately 350 cases.

Regulatory Commission of Alaska

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,402.8	3,734.5	3,951.8
72000 Travel	72.4	55.0	55.0
73000 Contractual	1,583.6	2,005.5	1,920.0
74000 Supplies	48.6	62.5	62.5
75000 Equipment	150.8	13.8	13.8
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	5,258.2	5,871.3	6,003.1
Funding Sources:			
1007 Inter-Agency Receipts	1.3	0.0	0.0
1108 Statutory Designated Program Receipts	4.7	0.0	0.0
1141 RCA Receipts	5,252.2	5,871.3	6,003.1
Funding Totals	5,258.2	5,871.3	6,003.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
<u>Unrestricted Revenues</u>						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
<u>Restricted Revenues</u>						
Interagency Receipts	51015	1.3	0.0	0.0	0.0	0.0
Statutory Designated Program Receipts	51063	4.7	0.0	0.0	0.0	0.0
Alaska Public Utilities Comm. Receipts	51066	5,252.2	5,871.3	5,871.3	6,003.1	6,003.1
Restricted Total		5,258.2	5,871.3	5,871.3	6,003.1	6,003.1
Total Estimated Revenues		5,258.2	5,871.3	5,871.3	6,003.1	6,003.1

Regulatory Commission of Alaska

Proposed Changes in Levels of Service for FY2003

After two years of operation, the RCA has implemented many significant changes resulting in a more productive and responsive agency. The RCA's mission and needs appears to be tracking well with the budgeted amount for FY02. Roughly the same level of activity is expected for FY03; therefore, no operating budget or capital budget changes are anticipated.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	5,871.3	5,871.3
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	131.8	131.8
FY2003 Governor	0.0	0.0	6,003.1	6,003.1

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Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	61	61	Annual Salaries	3,032,361
Part-time	0	0	COLA	79,108
Nonpermanent	0	0	Premium Pay	55,473
			Annual Benefits	1,073,971
			Less 6.82% Vacancy Factor	(289,113)
			Lump Sum Premium Pay	0
Totals	61	61	Total Personal Services	3,951,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	1	0	0	0	1
Administrative Clerk I	2	0	0	0	2
Administrative Clerk II	7	0	0	0	7
Administrative Clerk III	2	0	0	0	2
Administrative Manager II	1	0	0	0	1
Administrative Supervisor	1	0	0	0	1
Analyst/Programmer I	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Chief Utility Engineer	1	0	0	0	1
Chief, RCA Advocacy	1	0	0	0	1
Commissioner, RCA	5	0	0	0	5
Communications Com Car Sp	4	0	0	0	4
Consmr Prot-Info Off I	3	0	0	0	3
Consmr Prot-Info Off II	1	0	0	0	1
Economist II	1	0	0	0	1
Hearing Examiner	2	0	0	0	2
Law Office Assistant I	2	0	0	0	2
Micro/Network Tech I	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Paralegal Asst II	3	0	0	0	3
Prog Coordinator	1	0	0	0	1
Project Coord	1	0	0	0	1
Secretary	1	0	0	0	1
Special Staff Assistant	1	0	0	0	1
Utility Eng Analyst II	1	0	0	0	1
Utility Eng Analyst III	2	0	0	0	2
Utility Eng Analyst IV	2	0	0	0	2
Utility Fin Analyst I	1	0	0	0	1
Utility Fin Analyst II	1	0	0	0	1
Utility Fin Analyst III	4	0	0	0	4
Utility Fin Analyst IV	1	0	0	0	1
Utility Tariff Anlyst I	1	0	0	0	1
Utility Tariff Anlyst II	2	0	0	0	2
Utility Tariff Anlyst III	1	0	0	0	1
Totals	61	0	0	0	61